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**REPORT**

THE NATIONAL ASSEMBLY	
DATE: 12 APR 2022	
DAY: TUE	
TABLED BY:	L.O.M
CLERK AT THE TABLE:	INZOR MUKU

**OF**

**THE AUDITOR-GENERAL**

**ON**

**COFFEE CHERRY ADVANCE  
REVOLVING FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2021**





Revised Template 30<sup>th</sup> June 2021



**International Financial Reporting Standards (IFRS)  
Annual Financial Reporting Template for  
Commercial Government Owned Entities**

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**COFFEE CHERRY ADVANCE REVOLVING FUND (CCARF)  
(UNDER - NEW KENYA PLANTERS COOPERATIVE UNION)**

**ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30TH, 2021**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International  
Financial Reporting Standards (IFRS)**

**Coffee Cherry Advance Revolving Fund**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2021**

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## **I. KEY ENTITY INFORMATION**

### **Background information**

The Coffee Cherry Advance Revolving Fund (CCARF) was established on February 2020 under the *New KPCU Plc*. The establishment of the fund, followed the government effort to revive coffee subsector under the Coffee subsector reforms which started in the financial year 2015/2016. In a bid to shorten the waiting period for coffee sales by the farmers, the Fund aims to provide the first payment for coffee cherry delivered at kshs 20/- and for 40% of coffee parchment delivered by the coffee estate farmers. The first payment would encourage farmers to tend their crop and improve on yields. The board of directors of the New KPCU Plc superintends overall policy and regulatory governance of the Fund.

The Fund reports to the cabinet secretary Ministry of Agriculture, Livestock, Fisheries and Cooperatives and the National Treasury. At cabinet level, the *Fund* is represented by the Cabinet Secretary for Agriculture, Livestock, Fisheries, and Cooperatives who is responsible for the general policy and strategic framework.

### **Principal Activities**

1. Intervene on behalf of the government and moderate the coffee subsector value chain.
2. Ensure that Farmers are paid first payment immediately they deliver their coffee cherry to the Factory Cooperative Societies.
3. Ensure recovery of the coffee cherry advance when final Payment for the coffee proceeds are made.
4. Maintain proper records on all coffee cherry advance and recoveries
5. Prepare and submit the financial reports in compliance with the Public Finance Management Act (Coffee Cherry Advance Revolving Fund regulations)
6. Coffee Cherry Advance Revolving Fund administration and management.

#### **(a) Entity Headquarters`**

P.O. Box 59638 - 00200  
Wakulima House  
Haile Selassie Avenue  
Nairobi, KENYA

#### **(b) Entity Contacts**

Telephone : ( 254) 20-2001401  
E-mail: [info@newkpcultd.go.ke](mailto:info@newkpcultd.go.ke)  
Website: [www.newkpcultd.co.ke](http://www.newkpcultd.co.ke)

#### **(c) Entity Bankers**

Co-operative Bank of Kenya  
Wakulima House, 019  
Haile Selassie Avenue  
Nairobi, Kenya

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**(d) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**Principal Legal Advisers**

1. The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**Directors**

The Directors who served the entity during the year/period were as follows:

- |                              |                   |   |
|------------------------------|-------------------|---|
| 1. Henry Kinyua              | - Chairman        | - Appointed on 19 <sup>th</sup> Nov,2019  |
| 2. Angeline Ndambuki         | - Chief Executive | - Appointed on 18 <sup>th</sup> Dec, 2019 |
| 3. Simon Thuranira Atheru    | -Member           | - Appointed on 18 <sup>th</sup> Dec, 2019 |
| 4. Josephine Kimunto Omwenga | -Member           | - Alternate to 18 <sup>th</sup> Dec, 2019 |
| 5. Rita Mukundi              | -Member           | - Appointed on 18 <sup>th</sup> Dec, 2019 |
| 6. Sebastian Wambugu         | -Member           | - Appointed on 18 <sup>th</sup> Dec, 2019 |
| 7. Nzao Musau                | -Member           | - Appointed on 18 <sup>th</sup> Dec, 2019 |
| 8. Joice Nkerote             | -Member           | - Appointed on 18 <sup>th</sup> Dec, 2019 |
| 9. Michael Mungai            | -Member           | - Appointed on 18 <sup>th</sup> Dec, 2019 |
| 10. FCPA Muthoni Wangai      | -Member           | - Appointed on 18 <sup>th</sup> Dec, 2019 |

**Corporate Secretary**

Mr. Suleimani Wandati  
P.O. Box 59638-00200  
Nairobi

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**Registered Officer**

P.O. Box 59638 - 00200  
Wakulima House  
Haile Selassie Avenue  
Nairobi, KENYA

**Corporate Headquarters**

Telephone : ( 254 ) 20-2001401  
E-mail: info@newkpcultd.go.ke

**Corporate Contacts**

Telephone: (254) 202001401

E-mail: info@nkpcultd.go.ke

Website: www.go.ke

**Corporate Bankers**

Co-operative Bank of Kenya  
Wakulima House, 019  
Haile Selasie Avenue  
Nairobi, Kenya




**1. Independent Auditors**

Auditor General  
The Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya


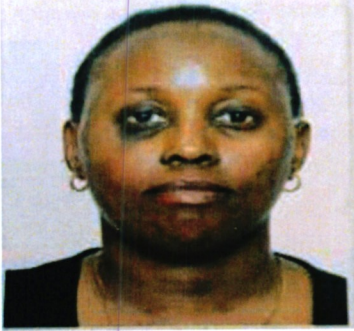


**Principal Legal Advisers**

2. The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya



**II. THE BOARD OF DIRECTORS**

<p><b>Mr. Henry Kinyua</b></p>  <p><b>Chairman</b></p>	<p><i>Henry Kinyua is born in 1973; He is the Chairman of New Kenya Planters Cooperative Union Board. He holds a Master's degree in Organizational Development from United States International University-Nairobi, Post graduate Diploma in Agribusiness Marketing from Galilee Management Institute-Israel and a Bachelor's degree in Agriculture from University of Nairobi. He has a vast experience in agriculture, development, government delivery systems and institutional establishment in both private and public sectors in Africa. Prior to his appointment as the Chairman of the Board, He worked as County Executive Council Member (CEC) for Agriculture Livestock and Fisheries for Nyeri County government in Central Kenya. He has worked as Technical Advisor in Agriculture and government relations for Dalberg in Tanzania, Director for Agriculture Market Efficiencies with President Delivery Bureau-at the President's Office-United Republic of Tanzania, agricultural Value chain consultant with Bill and Melinda Gates Foundation, Senior Project Manager with Techno Serve. Henry has successfully led various projects impacting thousands of small scale holder farmers, establishing and supporting hundreds of private and farmer owned businesses and industry associations.</i></p>
 <p><b>FCPA Muthoni</b> <b>Director</b></p>	<p><i>FCPA Muthoni Wangai holds an MBA from the University of Leicester, UK and a B.Com from the University of Nairobi. She is a Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK). She has vast professional and operational experience in accounting, finance and general management, both in industry and public sector, including among others, agriculture, manufacturing and construction industries. She started her career at Unilever Tea (formerly Brooke Bond Kenya Ltd) which then had interests in tea, coffee and flowers for export, among other businesses. Between 1994 and 2004 she worked as a Finance Director of Gailey &amp; Roberts Ltd and Johnson Diversey East Africa Limited, both subsidiaries of Unilever Plc. She has broad interests in management and founded Cum Program Leader of Country Images Ltd (CI), a business/finance consulting company which publishes 'The Kenyan Spectator Magazine'. She has served as a Commissioner of the Independent Electoral &amp; Boundaries Commission (IEBC, Commissioner and Vice Chairperson (non -executive) of the Ethics &amp; Anti-Corruption Commission for Co-operative Societies (EACCCS), Chaired the Association of Women Accountants of Kenya (AWAK).</i></p>
 <p><b>Michael Mungai</b> <b>Director</b></p>	<p><i>Michael Mungai is born in 1958; He is trained in Marketing and Liquoring test (Coffee Expert). In 2016 he attended a TOT course on Sn National Cohesion and National Values and in 1980 Greenfields College 'A' Level. He has worked as a Technical Assistant with Coffee Board of Kenya and Coffee Liqueured in 1981 and 1988 respectively.</i></p>

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 <p><b>Sebastian Wambugu</b>  <b>Director</b></p>	<p><b>Sebastian Wambugu</b> is born in 1969; His Professional qualification credentials includes; a Certificate in Sustainable Agriculture (SARD) from Baraka Agricultural College. Diploma in Development Leadership from St. Francis Xavier University (Canada), Diploma in Counselling Psychology from Africana Institute of Professional Counsellors. He has attended on job training workshops and conferences in Kenya and abroad that have sharpened his managerial skills. He oversaw the growth of 'YARD' an organization which supports over 4400 children and has had impact across the Country. YARD receives technical support from John Hopkins University (JPHIEGO) and funding from USAID. He has worked as a project Officer (SACDEP), Agricultural extension Officer (Catholic Diocese of Homa Bay) and Farm Manager (Bishop Mugendi Secondary School).</p>
 <p><b>Rita Mukundi</b>  <b>Director</b></p>	<p><b>Rita Mukundi</b> is Born in 1983; She holds Bachelor of Science, International Business Administration from United States International University. She is an experienced Director who has demonstrated a history of working in food production Industry. Her Professional skill includes; Budgeting, Risk Management, Analytical Skills and Customer Service. She as an Operations Director (Privamnuts EPZ Kenya), Market Dealer and Accounts Assistant (Family Bank of Kenya).</p>
 <p><b>Josephine Kemunto</b>  <b>Director</b></p>	<p><b>Josephine Kemunto Omwenga-Arasa</b> is Born in 1965; She is an LLB graduate with a Diploma from Kenya School of Law. She is a Human Rights Activist where She is currently a board member for East African Women Lawyers, an Organization which protects the intersex persons with a view to gain access to justice and has a right to be heard. She is currently a practicing Advocate and practices in the name and style of Omwenga-Arasa and Company Advocates for 19 Years.</p> <p>She is humbled to be associated as an active member of; - ICJ (Counsel Member), FIDA (K), EAWLA (East African Women Lawyers Association, Child Welfare Society of Kenya and above all a Mediator.</p>
 <p><b>Nzau Musau</b>  <b>Director</b></p>	<p><b>Mr. Nzau Musau</b> is born in 1982; He is a media practitioner, a trained political scientist and a philosopher. He holds BA in Political Science &amp; Philosophy from the University of Nairobi, a Diploma in Journalism &amp; Public Relations from Kenya Polytechnic (now Technical University of Kenya) and is currently undertaking LLB studies at the University of Nairobi's School of Law. He has vast experience in media work, public communication and political messaging. He is a Senior Editor with the Standard Group PLC coordinating and leading news gathering processes for the Group's weekend editions. In 2008, He was among the cadre of journalists who founded the Nairobi Star (The Star) serving in different capacities and covering all key national events &amp; processes until 2014. Between 2004 and 2007, he worked at Kenya Times as a reporter, assistant news editor and a Bureau Chief in charge of Mombasa region. A founder member of Africa Network of Environmental Journalists (ANEJ). He has served in a number of professional and public institutions among them the Kenya Parliamentary Journalists Association (KPJA), Kenya Union of Journalists (KUJ) and the Board of Management of his former school, Mamiloki</p>

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	<p>Primary School in Mwala sub-county, Machakos County. He is a member of the Coffee Cherry Advance Revolving Fund &amp; ICT Committee.</p>
 <p><b>Joyce Nkirote</b>  <b>Director</b></p>	<p><b>JOYCE NKIROTE KINUU</b> is Head of the Legal Unit, State Department for Co-operatives. She holds Bachelor of Social and Legal Sciences (BSL) Bachelor of Law (LLB) from University of Pune under. Masters of Law from University of Nairobi and Post Graduate Diploma in Law from the Kenya School of Law. She worked as a State Counsel at Office of the Attorney General and Department of Justice, Department of Advocates Complaints Commission [2011-2018] her duties included providing legal advice on complaints of professional misconduct against advocates; providing researched legal opinions; analyzing and investigating complaints of professional misconduct against advocates; subjecting complaints of professional misconduct against advocates to Alternative Dispute Resolution (ADR) mechanism; prosecution of complaints of professional misconduct against advocates at the Advocates Disciplinary Tribunal; organizing and conducting stakeholders workshops, public sensitization and legal aid clinic programmes in the counties.</p>
 <p><b>Simon Thurania Atheru</b>  <b>Director</b></p>	<p><b>Simon Thurania</b> is born in 1972; He is an LLB graduate with a Diploma from the Kenya School of Law. On 12<sup>th</sup> April, 2001 He was admitted as Advocate of the High Court of Kenya. He is currently a practicing Advocate and practices in the name of Thurania Atheru Advocates and Company Advocates. He worked with the County Government of Meru as the Chief Legal Officer from November 2013 to August 2017, Kinuthia Arithi and Company Advocates from 30<sup>th</sup> June, 2001 to 31<sup>st</sup> October, 2013 and B.G Kariuki Advocates from 12<sup>th</sup> April, 2001 to 29<sup>th</sup> June 2001 as an Associate Advocate.</p>

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**III. MANAGEMENT TEAM**

Ref	Name of the Staff	Responsibility
1.	Mr Timothy M. Mirugi	Ag. Managing Director
2.	M/s Angeline Ndambuki Wambui	Coffee Milling & Operations Manager.
3.	CPA, Zaccheus Ndirangu	Ag. Head of Finance and Accounts
4.	Josephat Mogaka	Ag. Head of Human Resource
5.	M/s Gladys N Mwangi	Ag. Head Accounts
6.	Suleiman Wandati	Ag. Head of Legal Affairs
7.	Eva Mingala	Ag. Office Administrative Assistant
	<i>Note: The CEO and the Entity Secretary will feature both under the 'Board' and 'Management'.</i>	

#### **IV. CHAIRMAN'S STATEMENT**

Coffee Cherry Revolving Fund (CCARF) is a National Government Fund created under Public Finance Management Act (CCARF Regulation, 2020) and placed under the New Kenya Planters' Co-operative Union Public Limited Company (New KPCU Plc). It is a Fund in the State Department of Co-operatives which falls under the Ministry of Agriculture, Livestock, Fisheries and Co-operatives. Established on the March, 2020, its mandate was to intervene on behalf of the government, to come to the aid of dissatisfied coffee farmers, who were not receiving their fair compensation for growing this valuable and internationally renowned produce of Kenya and provide affordable advance at administrative and management cost of three percent.

The Chairperson of the Board and the board of directors were appointed on 18th December, 2019 through a Gazette Notices No. 11857 and 11862 respectively and the Acting Managing Director duly appointed.

##### **THE MANDATES OF CCARF BOARD.**

Administer the Coffee Cherry Advance Revolving Fund.

To help the coffee farmers, CCARF Board was charged with administering and managing the Coffee Cherry Advance Revolving Fund. The object and purpose of the Fund is to provide affordable, sustainable and accessible coffee advance to smallholder coffee growers.

Enhance the coffee business.

During the cultivation of coffee, CCARF will assist the farmer in stimulating farm production and productivity by ensuring timely access to advance in order to provide for farm inputs and coffee picking.

In as far as the Kenyan coffee farmer is concerned, be it the coffee tree, the cherry, the green coffee, CCARF has the mandate to assist these farmers achieve their full potential, restore their livelihood to a dignified level and incentivize them to continue cultivating and delivering coffee through the established marketing system.

**Henry Kinyua**

**Chairman.**

**(Coffee Cherry Advance Revolving Fund)**

**Signature**



Date: -----

**V. REPORT OF THE CHIEF EXECUTIVE OFFICER/ MD/ DG**

Kenya is internationally recognized for its comparatively high-quality coffee, which has consistently continued to attract high premium prices globally. Premium prices have not helped the production of Kenyan coffee and income to smallholder farmers has surprisingly been declining steadily. Such decline is attributable to complex interrelated constraints among many other challenges.

**Coffee Low Production**

The low productivity of smallholder coffee farmer is attributable to a host of challenges relating to low farm gate prices, low production, costly processing and marketing. There is low coffee production in counties that directly affect the central business. The provision of affordable and sustainable cherry advance will boost farm production and address the long period of waiting for coffee sales proceeds. The cherry advance becomes the first payment for coffee cherry and parchment delivered to factory cooperative societies and marketing agents respectively.

**Legally commercial challenges.**

Commercial legal challenges inherent from the old KPCU (under liquidation) as a result of years of governance and management issues has continued to bog down the effective progress in coffee value chain and coffee production in general.

**Non-productive commercial assets**

Though the organisation boasts of commercially viable assets, historical years of neglect and /or abandonment renders them redundant and hence would require refurbishment and modernisation to effectively assist the farmers. A colour sorter that would generate income is malfunctioning and requires to be replaced with a new one for enabling premium milling processes.

**Weak cash flows to finance the operations of the company.**

CCARF need financing of management and administrative operations to embark on recruitment of key staff who will manage the Fund. Failure to do so can prevent the business from growing, and has the effect of slow uptake of the Coffee Cherry Advance Revolving Fund. The funding of the CCARF administration and management can help the advance uptake and increase the coffee production significantly.

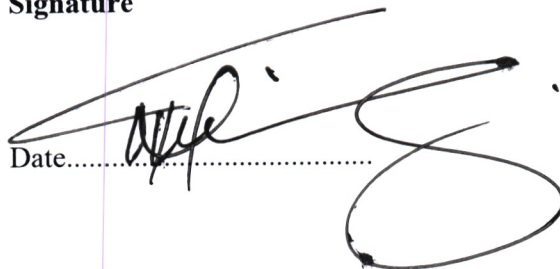
Though Coffee Cherry Advance Revolving Fund received funds in February 2020, it was not until August 2020, when a substantive Fund administrator was appointed that the fund activities started.

**Timothy M Mirugi**

**Managing Director**

**(Coffee Cherry Advance Revolving Fund)**

**Signature**

Date.....

**VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR  
FY 2020/2021**

The financial year ending 30<sup>th</sup> June, 2021 is the first year of operation for the Coffee Cherry Advance Revolving Fund. The Government under the State Department for Cooperatives set aside Kshs 2.7 Billion for setting up a Revolving fund, which is to be a government intervention in addressing the long period of waiting from harvesting to marketing of coffee. The advance will be used as the first payment for coffee cherry delivered to the factory cooperatives and millers. In the year 2020/2021, the process of developing the Fund's authorised establishment continued and the budgetary provisions were pending the full fledged authorised establishment. Board of Directors and deployed staff from state Department for Cooperatives continued to give support in CCARF administration and management services. The New KPCU Plc has been able to financially support Coffee Cherry Advance Revolving Fund functions through internally generated appropriation in aid (AIA). Coffee Cherry Advance Revolving Fund (CCARF) seed money was set aside and put under the New KPCU Plc, without operationalisation funding and structures. That notwithstanding, the CCARF operations and management commenced immediately after the appointment of the Fund Administrator who have been supported by the New KPCU Plc operations funds since August 2020.

Fund disbursement started slowly and has not picked due to inadequate funds for operationalization, lack of extensive reach across coffee growing areas and unfunded sensitization, awareness programs and activities.

The Coffee Cherry Advance Revolving Fund disbursed Kshs 49 million and over five thousand small scale farmers have been beneficiaries and are able to enjoy access to affordable Coffee Cherry Advance at 3% administrative and management fee.

The structuring of New KPCU Plc and Coffee Cherry Advance Revolving Fund organisations has started with the development of human resource instruments which will ensure the realization of their mandate.

CCARF has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2020/2021- FY 2024/2025. These strategic pillars/ themes/ issues are as follows:

- 1) Enhance the coffee business, Provision of affordable and sustainable cherry advances to farmers.
- 2) Administer the Coffee Cherry Advance Revolving Fund.
- 3) Effective Coffee Cherry Advance disbursements and recoveries.

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The Coffee Business.

CCARF develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The New KPCU Plc achieved its performance targets set for the FY 2020/2021 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	Enhance the coffee business, Provision of affordable and sustainable cherry advances to farmers.	Number of coffee farmers benefitting from the advance	5000	5012
Pillar/ theme/ issue 1:	Administer the Coffee Cherry Advance Revolving Fund.	Policies and Governance structure and guidelines.	2	0
Pillar/ theme/ issue 1:	Effective Coffee Cherry Advance disbursements and recoveries.	Disbursed and recovered advances	48 million	35 million

**VII. CORPORATE GOVERNANCE STATEMENT**

*(The CCARF), operates under the Board of Directors who were appointed in December 2019. They have exercised oversight until December, 2020. The management team has continued with functional operations since then. Any matters for oversight are referred to the Cabinet Secretary as the appointing authority or the Principal Secretary as the Accounting Officer. The CCARF has continued to discharge its mandate while waiting for appointment of the Board of Directors. Efforts have been made in structuring the organisation so that functional structures are established to help develop a lean and effective corporation. Towards this end human resource instruments are at the final process of completion. Other instruments for oversight, developing mission and vision , strategic plan and objectives, forward budget and brand identity are going to be formulated when the Board of Directors are in place. Milling and marketing of coffee continues to be the mainstay*

*business of the New KPCU Plc whereas disbursements of Cherry advances to qualifying coffee farmers remains the mainstay of the Fund.*

## **VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

*(For the last one year the management of CCARF have undergone enormous challenges in terms of ensuring Coffee Cherry Advance Revolving Fund is disbursed to qualifying beneficiaries. Implementation of CCARF regulations and administration of Cherry fund were rolled out under the New KPCU Plc. The CCARF administration and management has been able to disburse Kshs 49 Million out of which 35 million has been recovered. This has enabled over five thousand farmers to be beneficiaries and access cherry advance sustainably at 3 percent administrative fee. Additionally, the access of low cost credit has been able to encourage farmers to look after their coffee and deliver to the New KPCU Plc among other marketers.*

*The New KPCU Plc, during the period under review has milled and marketed clean coffee worth Kshs 445 million. Though there are challenges in shedding off the lethargic image of the predecessor organisation. Transparency, accountability and farmer centered approach shall win farmers over and enhance the coffee business.)*

## **IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

*CCARF exists to transform the livelihood of the small scale coffee farmers. For a long time the farmers have not been receiving their deserved premium return to their produce. The government has developed deliberate policy to revive the coffee subsector and as an intervention to structural challenges, the New CCARF was established as a move to reduce the long period between harvesting, marketing and payment for coffee proceeds. The government established Coffee Cherry Advance Revolving Fund (CCARF) to help small scale coffee farmers access Cherry Advance, immediately they deliver coffee cherry as the first payment and the second and final payment upon marketing and selling of the clean coffee. This is our goal and the driving force behind everything we do. It's what guides us to deliver our strategy, putting the small scale coffee farmer first, delivering effective access to Coffee Cherry Advance and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.*

### **i) Sustainability strategy and profile -**

The Government will always work out for increased foreign exchange inflow to be able to acquire goods and services from imports by its citizen. Foreign debts are paid through foreign

currencies and demand for FX increases, measures aimed at enlarging the sources of FX are important. Increase in coffee production will undoubtedly address the matter and enable the wellbeing of coffee farmers to be improved. The Government through coffee subsector revival policy has introduced advance funding to coffee cherry, to address the problem of waiting for Coffee proceeds after eventual sale. The sustainability will be ensured on the basis of effective recovery of the advances.

**ii) Environmental performance**

Processing of coffee entails use of enormous amount of water which is a scarce resource. CCARF will develop programs that enables introduction of new way of coffee process management that will not require use of water. Farmers will be encouraged to adopt new methods of natural coffee. Coffee traceability policy ensures that the sourcing of coffee is from the environmentally conscience growers. As CCARF is a new entity, elaborate programs will be laid out and measures applied to ensure environmental performance is upscaled. The committees that can tackle various environmental matters and compliance shall be set up, once the HR Instruments are in place and staff are recruited, CCARF will liaise with the governing body on environmental performance to fulfil this mandate.

**iii) Employee welfare**

CCARF being a newly established State Fund is establishing its policies and procedures and in this case, the Human Resource Instruments. A Skills Gap Analysis has been carried out objectively to identify interventions for comprehensive and development of the Training Needs Assessment (TNA) to address any identified training needs and effectively addresses the appropriate skills mix.

CCARF has also engaged the youth progressively in internship, industrial attachment or apprenticeship programs to target graduate youth for skills transfer.

At the moment, the Fund is in the final stages of preparing

1. Human Resource Policy and Procedures Manual
2. Organisational Structure and Staff Establishment
3. Job Descriptions and Career Progression Guidelines

**iv) Market place practices-**

The organisation should outline its efforts to:

**a) Responsible competition practice.**

The CCARF was established not to stifle competition but to competitively provide for coffee cherry advances effectively and ensure disgruntled small scale coffee farmers do not abandon coffee farming but have an alternative channel for acquiring easy credit. The CCARF is the coffee cherry advance provider and in a sustainable manner. The Coffee traceability along the value chain has been emphasised in all coffee processing and marketing services.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

**a) Responsible Supply chain and supplier relations**

CCARF strives to award of at least 30% of the total value (in Kshs.) of the procurement budget for goods and services as provided in the annual procurement plan to youth, women and PWDs as individuals or in organized groups. At least 2% of the 30% of the budget for procurement of goods and services should be reserved for PWDs. To facilitate achievement of this target, CCARF continues to build the capacity of the three target groups through training on government procurement procedures, requirements for accessing government procurement opportunities and on the specific opportunities available in the MDA. Follow-up actions will include ensuring that the three groups actually access the procurement opportunities and facilitation of quick processing of payments. In addition, CCARF has pre-qualified the registered groups.

CCARF is also aimed at promoting consumption of locally produced goods and services that will contribute to among other things, employment creation and growth of local industries.

**b) Responsible marketing and advertisement**

c) As CCARF is a new entity, one of the challenges is lack of adequate staffing. Currently advance and marketing department has not been established. Therefore no marketing or advertising has been carried out as yet until the Human Resource Instruments are complete and qualified staff are recruited to take the lead.

**d) Product stewardship**

Outline efforts to safeguard consumer rights and interests. A robust and inter active website will be developed for easier customer care and public relationship.

**Corporate Social Responsibility / Community Engagements**

*For the financial year under review, the CCARF had no approved budget and hence its activities have been supported by the New KPCU Plc. The social responsibility programs are factored into the budget and and the implimentation shall be from the financial year beginning 1<sup>st</sup> July, 2022.*

**X. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the *CCARF*'s affairs.

**i) Principal activities**

The principal activities of the *CCARF* are (continue to be disbursements of coffee cherry advances and advance recovery for sustainability)

**ii) Results**

The results of the entity for the year ended June 30, 2021 are set out on page 1 to 54 Below is summary of the profit or loss made during the year.

**iii) Dividends**

Subject to the approval of the shareholders, the Directors recommend the payment of a first and final dividend for the year of Kshs.N/A per ordinary share, amounting to Kshs.N/A million, subject to withholding tax where applicable. An interim dividend of Kshs. N/A (2020 – Kshs.N/A) per ordinary share was paid in N/A 2020/2021. The total dividend for the year, therefore, is Kshs. N/A (2020 – Kshs. N/A) per ordinary share. If approved, the dividend will be paid on or about xxx to shareholder registered in the books of the *entity* at the close of business on N/A The register of members will be closed for one day only on xxx to facilitate the preparation of dividend warrants.

**iv) Directors**

The members of the Board of Directors who served during the year are shown on page ii In accordance with Regulation PFM ACT's *CCARF* of the *Coffee Cherry Fund*, the Board of directrs' term expired on 31 December, 2020.

**Coffee Cherry Advance Revolving Fund**  
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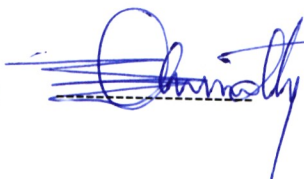
**v) Auditors**

The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or N/A Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2021, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Name: Suleimani Wandati

Signature:

 Date: 21/01/2022

Company Secretary/Secretary to the Board

## XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, - (Coffee Cherry Advance Revolving Fund- PFM Act Regulations)) require the Directors to prepare financial statements in respect of *Coffee Cherry Advance Revolving Fund*, which give a true and fair view of the state of affairs of the *CCARF* at the end of the financial year/period and the operating results of the *Fund* for that year/period. The Directors are also required to ensure that the *CCARF* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Fund*. The Directors are also responsible for safeguarding the assets of the *Fund*.

The Directors are responsible for the preparation and presentation of the *Fund's* financial statements, which give a true and fair view of the state of affairs of the *CCARF* for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *Coffee Cherry Revolving Fund (CCARF)* a National Government Fund created under Public Finance Management Act (*CCARF Regulation, 2020*) and placed under the *New Kenya Planters' Co-operative Union Public Limited Company (New KPCU Plc)*, financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) – *CCARF Regulations* ). The Directors are of the opinion that the *entity's* financial statements give a true and fair view of the state of *CCARF's* transactions during the financial year ended June 30, 2020, and of the *CCARF's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *Fund* which have been relied upon in the preparation of the *CCARF's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the *CCARF* will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The *CCARF's* financial statements were approved by the Board on \_30<sup>th</sup> September, 2020 and signed on its behalf by:

### Approval of the financial statements

The *entity's* financial statements were approved by the Board on \_\_\_\_\_ 2021 and signed on its behalf by:

Signature: \_\_\_\_\_

Name: Henry Kinyua

Chairman of the Board

Signature: \_\_\_\_\_

Name: Timothy Mirugi

Managing Director



# REPUBLIC OF KENYA



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Website: www.oagkenya.go.ke

HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON COFFEE CHERRY ADVANCE REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2021**

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### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of the Coffee Cherry Advance Revolving Fund set out on pages 2 to 59, which comprise the statement of financial position as at 30 June, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and

statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Coffee Cherry Advance Revolving Fund as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Coffee Cherry Advance Revolving Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me

to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence

obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

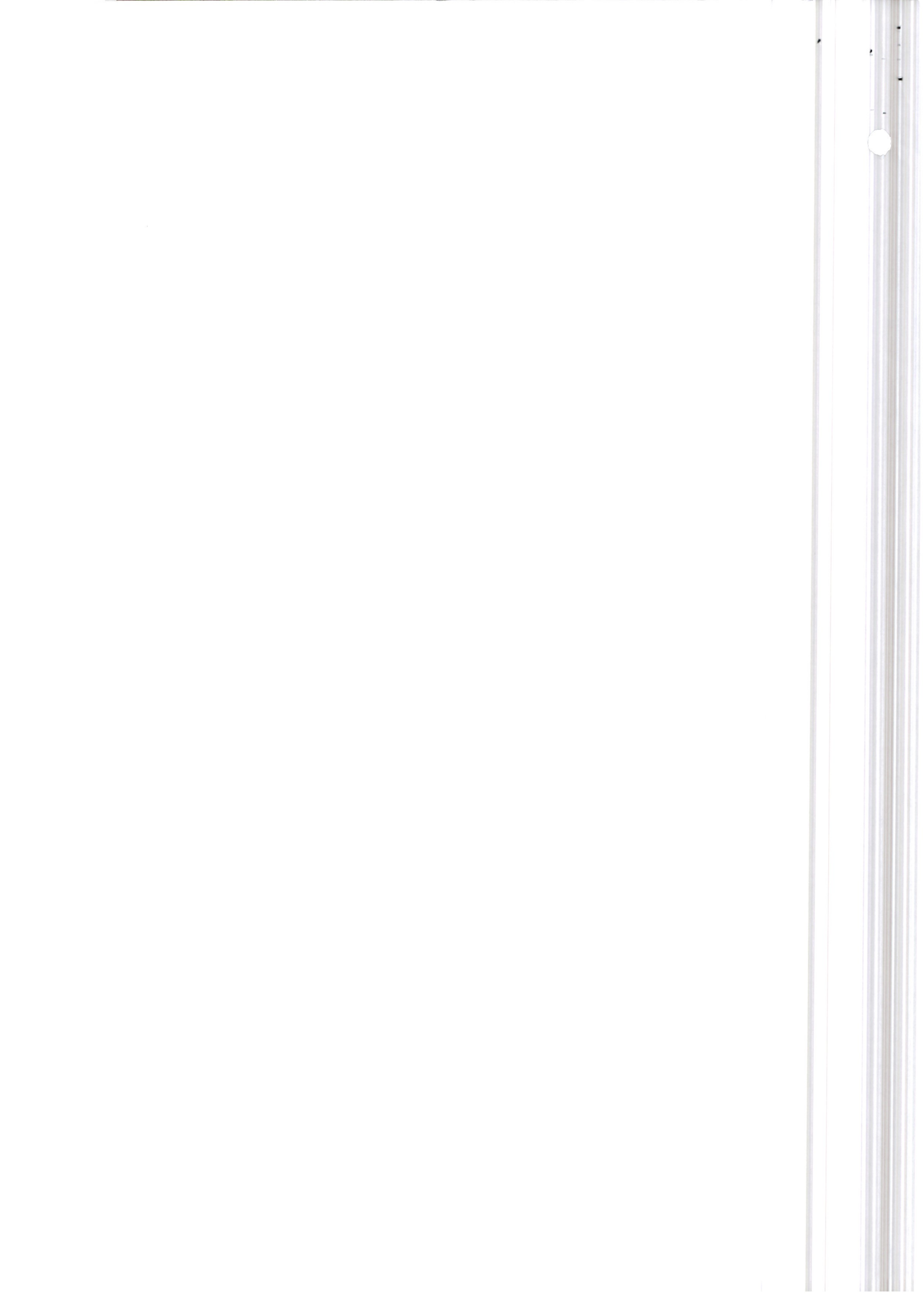
I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

17 March, 2022



**Kenya Corporation** (Indicate actual name of the entity)

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**XIII. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021.**

	Note	2020-2021	2019-2020
		Kshs	Kshs
REVENUES			
Revenue	6	0	0
Cost of sales	7	(0)	(0)
Gross profit		0	0
Other Income			
Grants from the National Government	8	0	0
Finance income	9	103,860,102.75	0
Other Income	10	0	0
Other gains/(losses)	11	0	0
TOTAL REVENUES		103,860,102.75	0
OPERATING EXPENSES			
Administration Costs	12	540,464.65	6,428.00
Selling and Distribution Costs	13	0	0
Finance Costs	14	0	0
TOTAL OPERATING EXPENSES		0	0
PROFIT/(LOSS) BEFORE TAXATION		103,319,638.10	(6,428)
INCOME TAX EXPENSE/(CREDIT)	16	(30,995,891.43)	1,928.40
PROFIT/(LOSS) AFTER TAXATION		72,323,746.67	(
Earnings per share – basic and diluted	17	N/A	N/A
Dividend per share	18	N/A	N/A
OTHER COMPREHENSIVE INCOME			
Profit/ (Loss) after taxation		72,323,746.67	(4,500.00)
Surplus or deficit on revaluation of PPE		0	0
Remeasurement of net defined benefit liability		0	0
Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI		0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		72,323,746.67	(4,500.00)

**Coffee Cherry Advance Revolving Fund**  
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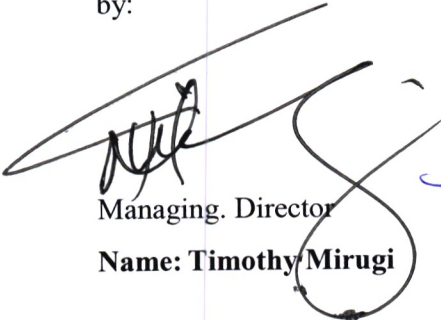
**XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

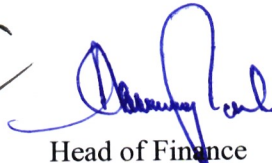
	Note	2020-2021	2,020.00
		Kshs	Kshs
<b>ASSETS</b>			
Non-Current Assets			
Property, plant and equipment	19	-	-
Intangible assets	20	-	-
Investment property	21	-	-
Right- of -use assets	22	-	-
Fixed interest investments	23	-	-
Quoted investments	24	-	-
Unquoted investments	25	-	-
Long term Receivables	27	-	-
Total Non-Current Assets		-	-
Current Assets			
Inventories	26	-	-
Trade and other receivables	27(a)	117,260,313.29	-
Tax recoverable	28	-	1,928.40
Short-term deposits	29	-	-
Bank and cash balances	30	2,750,147,417.81	2,764,088,093.00
		2,867,407,731.10	2,764,090,021.40
Total Non-Current Assets		-	-
		2,867,407,731.10	2,764,090,021.40
<b>EQUITY AND LIABILITIES</b>			
Capital and Reserves			
(Coffee Cherry Advance Revolving Fund	31	2,764,094,521.00	2,764,094,521.00
Revaluation reserve	32	-	-
Fair value adjustment reserve	33	-	-
Retained earnings	34	72,319,247.07	(4,500.00)
Proposed dividends		-	-
Capital and Reserves		2,836,413,768.07	2,764,090,021.00
Non-Current Liabilities			
Borrowings	35	-	-
Deferred tax liability	36	30,993,963.03	-
Lease liabilities	37	-	-
Total Non-Current Liabilities			
Current Liabilities			


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Borrowings	35		
Trade and other payables	38	-	-
Retirement benefit obligations	39	-	-
Provisions	40	-	-
Dividends payable	41	-	-
Tax payable		-	-
Total Current Liabilities		-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,867,407,731.10</b>	<b>2,764,090,021.00</b>
	Note	<b>2020-2021</b>	<b>2019-2020</b>
		Kshs	Kshs
<b>ASSETS</b>		<b>2,867,407,731.10</b>	<b>2,764,090,021.00</b>
Non-Current Assets		Nil	Nil

The financial statements were approved by the Board on 21<sup>ST</sup> January, 2022 and signed on its behalf by:

  
 Managing Director  
**Name: Timothy Mirugi**

  
 Head of Finance  
**Name: Zaccheus Ndirangu**  
**ICPAK M/NO 4820:**

  
 Chairman of the Board  
**Name: Henry Kinyua**

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**XV. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021**

	notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/
Development Grants/Fund	Total						
As at July 1, 2020		0		0	(4,218.20)	0	2,764,094,521
New capital issued		0					
Revaluation gain		-	0	-	-	-	
Transfer of excess depreciation on revaluation		-	(0)	-	0	-	
Deferred tax on excess depreciation		-	0	-	-	-	
Fair value adjustment on quoted investments		-	-	0	-	-	
Profit for the year		-	-	-	72,323,746	-	
Capital/Development grants received during the year		-	-	-	-	-	0
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	0	-	(0)
Dividends paid – prior year		-	-	-	-	(0)	(0)
Interim dividends paid – current year		-	-	-	-	(0)	(0)
Proposed final dividends		-	-	-	(0)	0	0
As at June 30, 2021		0	0	0	72,319,247	0	2,764,094,521
As at July 1, 2021					72,319,247		2,836,413,768
							2,836,413,768

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	notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/
Issue of new share capital							
Revaluation gain							
Transfer of excess depreciation on revaluation							
Deferred tax on excess depreciation							
Fair value adjustment on quoted investments							
Profit for the year							
Capital/Development grants received during the year							
Transfer of depreciation/amortisation from capital fund to retained earnings							
Dividends paid – prior year							
Interim dividends paid – current year							
Proposed final dividends							
At June 30, 2022							

**Note:**

1. *For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*

**Coffee Cherry Advance Revolving Fund**  
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**XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>CASH GENERATED FROM/(USED IN) OPERATIONS</b>	<b>42</b>	<b>(540,464.65)</b>	<b>(6,428.00)</b>
Interest received	42(c)	0	0
Interest paid	42(c)	0	0
Dividends paid	41	(0)	(0)
Taxation paid	28	(0)	(0)
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>		<b>(540,464.65)</b>	<b>(6,428.00)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	19	(0)	(0)
Proceeds from disposal of property, plant and equipment		0	0
Purchase of intangible assets	20	(0)	(0)
Purchase of investment property	21	(0)	(0)
Purchase of quoted investments		(0)	0
Cherry Fund Advances		(48,713,943.60)	0
Proceeds from disposal of quoted investments		0	
Cherry Fund Advance Recoveries		35,313,733.05	
<b>NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(13,400,210.55)</b>	<b>(0)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Capital Grant Govt. of Kenya		0	2,764,090,021.40
Proceeds from borrowings	35	0	1,928.40
Repayment of borrowings	35	(0)	(0)
Dividends paid	41	(0)	(0)
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>(0)</b>	<b>2,764,090,021.40</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(13,940,675.20)</b>	<b>2,764,085,521.80</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>2,764,085,521.80</b>	<b>0</b>
Effects of foreign exchanges rate fluctuations		0	0
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>42</b>	<b>2,750,147,820.00</b>	<b>2,764,085,521.80</b>
	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(540,464.65)</b>	<b>(6,428.00)</b>

**Coffee Cherry Advance Revolving Fund**  
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**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2021**

	Original budget 2020-2021	Adjustments 2020-2021	Final budget 2020-2021	Actual on comparable basis 2020-2021	Performance difference 2020-2021	% of utilisation 2020- 2021
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						0%
Sale of goods	0	0	0	0	0	0%
Sale of services	0	0	0	0	0	0%
Transfers from the Government	0	0	0	0	0	0%
Donations in kind	0	0	0	0	0	100%
Finance Income	0	0	0	103,860,102.00	(103,860,102.00)	0%
Other income	0	0	0	0	0	0%
Total income	0	0	0	103,860,102.00	(103,860,102.00)	100%
Expenses						0%
Compensation of employees	0	0	0	0	0	0%
Use of goods and services	0	0	0	0	0	0%
Finance cost	0	0	0	0	0	0%
Rent paid	0	0	0	0	0	0%
Taxation paid	0	0	0	0	0	0%
Other payments	0	0	0	540,464.65	540,464.65	100%
Grants and subsidies paid	0	0	0	0	0	0%
Total expenditure				540,464.65	540,464.65	100%
Surplus for the period				103,319,638.10	(103,319,638.10)	100%

*Note: The budget for Coffee Cherry Advance Revolving Fund, failed to attract funding in the year under review and the operations have been supported by the New KPCU Plc. The budget has now been appropriated for the financial year 2022/2023 starting from 1st July, 2022.*

**Coffee Cherry Advance Revolving Fund**  
**Annual Reports and Financial Statements**  
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*Budget notes: Since the budget did not get funding, it could not be implemented and therefore no explanation of differences between actual and budgeted amounts (10% over/ under) No explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. No Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*

*However, for public sector entities, the PSASB has considered the requirements of the PFM Act, 2012 which these statements comply with, the importance that the budgetary information would provide to the users of the statements and the fact that the public entities make their budgets publicly available and decided to include this statement under the IFRS compliant financial statements.*

*Budget notes: Provide explanation of differences between actual and budgeted amounts (10% over/ under) Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*

## **XVIII. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

CCARF entity is established by and derives its authority and accountability from PFM Act (Coffee Cherry Advance Revolving Fund – Regulations). CCARF Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. Under the New KPCU Plc. And its principal activity is provision of sustainable affordable credit at 3% administrative cost.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying CCARF accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in *Note 1 TO 54*. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of CCARF.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Application of New and Revised International Financial Reporting Standards (IFRS)

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.

Title	Description	Effective Date
IAS 39-Financial Instruments: Recognition and Measurement	IAS 39 "Financial Instruments: Recognition and Measurement" outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.
IFRS 4- Insurance Contracts (Superseded)	IFRS 4 "Insurance Contracts" applies, with limited exceptions, to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. In light of the IASB's comprehensive project on insurance contracts, the standard provides a temporary exemption from the requirements of some other IFRSs, including the requirement to consider IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" when selecting accounting policies for insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

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Title	Description	Effective Date
IFRS 7- Financial Instrument Disclosures	IFRS 7 "Financial Instruments: Disclosures" requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Specific disclosures are required in relation to transferred financial assets and a number of other matters.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.
IFRS 16- Leases	IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

*The CCARF Directors have assessed the applicable standards and amendments. Based on their assessment of application of the above, they do not expect that there will be a significant impact on the company's financial statements. Or the following has been assessed to be significant for the company and has been addressed as follows N/A*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Application of New and Revised International Financial Reporting Standards (IFRS)**

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

Title	Description	Effective Date
IAS 1 — Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	Earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

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Title	Description	Effective Date
IAS 16 — Property, Plant and Equipment	IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IAS 37 — Provisions, Contingent Liabilities and Contingent Assets	IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IAS 41 — Agriculture	IAS 41 "Agriculture" sets out the accounting for agricultural activity – the transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets). The standard generally requires biological assets to be measured at fair value less costs to sell.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IFRS 1 — First-time Adoption of International Financial Reporting Standards	IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures that an entity must follow when it adopts IFRS for the first time as the basis for preparing its general purpose financial statements. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

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Title	Description	Effective Date
IFRS 3 — Business Combinations	IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.
IFRS 17 — Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2022. [The IASB has also published 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to defer the fixed expiry date of the amendment also to annual periods beginning on or after January 1, 2023.]

*The CCARF Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.*

*i. Early adoption of standards*

CCARF did not find any need for early – adoption in any new or amended standards in year 2020/2021.

**NOTES TO THE FINANCIAL STATEMENTS (Continues)**

**4. Summary of Significant Accounting Policies**

The principle accounting policies adopted in the preparation of these financial statements are set out below:

**a) Revenue recognition**

Revenue is measured based on the consideration to which CCARF expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

- i) Revenue from the sale of goods and services** is recognised in the year in which CCARF delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Grants from National Government** are recognised in the year in which CCARF actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** is recognised in the income statement in the year in which the right to receive the payment is established.
- v) Rental income** is recognised in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognised as it accrues.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies**

**b) In-kind contributions**

In-kind contributions are donations that are made to CCARF in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, CCARF includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**c) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies**

**d) Depreciation and impairment of property, plant and equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Freehold Land	Nil
Buildings and civil works	25 years or the unexpired lease period
Plant and machinery	12.5 years
Motor vehicles, including motor cycles	4 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	12.5 years

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies**

**a) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**b) Amortisation and impairment of intangible assets**

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**c) Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies**

**d) Right of Use Asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

**e) Fixed interest investments (bonds)**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

**f) Quoted investments**

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies**

**g) Unquoted investments**

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

**h) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**i) Trade and other receivables**

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies**

**j) Taxation**

**i) Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**k) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies**

**Deferred Tax**

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies**

**l) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**m) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**n) Borrowings**

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including

premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

**o) Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

**p) Retirement benefit obligations**

The entity operates a defined contribution scheme for all full-time employees from July 1, 20XX. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.XXX per employee per month.

**q) Provision for staff leave pay**

Employees' entitlements to annual leave are recognised as they accrue at the employees. A provision is made for the estimated liability for annual leave at the reporting date.

**r) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies**

**a) In-kind contributions**

In-kind contributions are donations that are made to CCARF in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, CCARF includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**b) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS (Continues)**

**a) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

**b) Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.  
(include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

**NOTES TO THE FINANCIAL STATEMENTS (Continues)**

**5. Revenue**

	2020/2021	2019/2020
	Kshs	Kshs
Sales of goods	0	0
Sales of services	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*[Provide short appropriate explanation as necessary. Explain significant variances from prior period]*

**6. Cost of Sales**

	2020/2021	2019/2020
	Kshs	Kshs
Cost of sales on goods	0	0
Cost of sales on services	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*Explain significant variances from prior period*

**7. Grants from National Government**

	2020/2021	2019/2020
	Kshs	Kshs
Recurrent grants received	0	0
Capital grants realized (see note below)	0	2,764,090,521.10
In Kind contributions/ donations	0	0
<b>Total</b>	<b>0</b>	<b>2,764,090,521.10</b>

*(Note: For capital/development grants the amount recognized in the statement of comprehensive income should be the depreciation/amortisation equivalents for assets that have been acquired using such capital/development grant as per IAS 20).*

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*[Provide a detailed analysis of grants received from the Government in the table below:]*

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2020-2021 KShs
MOALF&CO -OP/CO-OP.	0	0	0	0	2,764,090,521.10
Ministry	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,764,090,521.10</b>

**8. Finance Income**

Description	2020/2021 Kshs	2019/2020 Kshs
Interest income from treasury bonds	0	0
Interest income from treasury bills	0	0
Interest from receivables	0	0
Interest from commercial banks and financial institutions	103,860,102.75	0
Interest on staff loans	0	0
Dividends	0	0
<b>Total</b>	<b>103,860,102.75</b>	<b>0</b>

*[Provide short appropriate explanations as necessary]*

**9. Other Income**

Description	2020/2021 Kshs	2019/2020 Kshs
Sale of tender documents	0	0
Fines and penalties	0	0
Cash donations	0	0
In kind donations	0	0
Insurance compensation	0	0
Rental income	0	0
Other miscellaneous receipts	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10. Other Gains and Losses**

	2020/2021	2019/2020
Description	Kshs	Kshs
Foreign exchange gains / (losses)	0	0
Loss/gain on disposal on sale of investments	0	0
Gain on sale of fixed assets	0	0
Fair value gain or losses on revaluation of investment property	0	0
Revaluation losses on inventory	0	0
Unrealized foreign exchange gains/(losses)	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**11. Administration Costs**

	2020/2021	2019/2020
Description	Kshs	Kshs
Staff costs (note 12b)	0	0
Directors' emoluments	0	0
Electricity and water	0	0
Communication services and supplies	0	0
Transportation, travelling and subsistence	0	0
Advertising, printing, stationery and photocopying	0	0
Rent expenses	0	0
Staff training expenses	0	0
Hospitality supplies and services	0	0
Insurance costs	0	0
Bank charges and commissions	540,464.65	6,428.00
Office and general supplies and services	0	0
Auditors' remuneration	0	0
Legal fees	0	0
Consultancy fees	0	0
Licenses and permits	0	0
Repairs and maintenance	0	0

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	2020/2021	2019/2020
Description	Kshs	Kshs
Provision for bad and doubtful debts	0	0
Inventory provisions	0	0
Depreciation	0	0
Amortization	0	0
Other operating expenses	0	0
<b>Total</b>	<b>540,464.65</b>	<b>6,428.00</b>

**12b Staff Costs**

Description	2020/2021	2019/2020
	Kshs	Kshs
Salaries and allowances of permanent employees	0	0
Wages of temporary employees	0	0
Medical insurance schemes	0	0
Employer's contributions to national social security schemes	0	0
Employer's contributions to pension scheme	0	0
Leave pay	0	0
Gratuity provisions	0	0
Fringe Benefit tax	0	0
Staff welfare	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>The average number of employees at the end of the year was:</b>		
Permanent employees – Management	0	0
Permanent employees – Unionisable	0	0
Temporary and contracted employees	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*[Provide short appropriate explanations as necessary]*

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12. Selling and distribution costs**

	2020/2021	2019/2020
Description	Kshs	Kshs
Salaries and wages of sales personnel	0	0
Marketing and promotional expenses	0	0
Sales commissions	0	0
Sales discounts and rebates	0	0
Other selling and distribution costs	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*[Provide short appropriate explanations as necessary]*

**13. Finance costs**

	2020/2021	2019/2020
Description	Kshs	Kshs
Interest expense on loans	0	0
Interest expense on bank overdrafts	0	0
Interest on lease liabilities	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*[Provide short appropriate explanations as necessary]*

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**14. Operating profit/ (loss)**

	2020/2021	2019/2020
	Kshs	Kshs
<b>The operating profit/(loss) is arrived at after charging/(crediting):</b>	103,319,638.10	6,428.00
Staff costs (note 12b)	0	0
Depreciation of property, plant and equipment	0	0
Depreciation of right-of-use asset	0	0
Amortisation of intangible assets	0	0
Provision for bad and doubtful debts	0	0
Directors' emoluments – fees	0	0
- other	0	0
Auditors' remuneration - current year fees	0	0
- prior year under-provision	0	0
Loss on disposal of property, plant and equipment	0	0
Net foreign exchange loss	0	0
Interest receivable	(0)	(0)
Interest payable	0	0
Rent receivable	(0)	(0)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**15. Income Tax Expense/(Credit)**

**(a) Current taxation**

	2020/2021	2019/2020
	Kshs	Kshs
Current taxation based on the adjusted profit for the year at 30%	30,995,891.45	(1928.40)
Current tax: prior year under/(over) provision	(1928.40)	0
Current year deferred tax charge	(30,993,963.05)	(1,928.40)
Prior year under-provision for deferred tax	0	0
<b>Total</b>	<b>0</b>	<b>(1,928.40)</b>

**b) Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit**

	2020/2021	2019/2020
	Kshs	Kshs
Profit before taxation	103,319,638.15	(6,428.00)
Tax at the applicable tax rate of 30%	30,995,891.45	1,928.40
Current tax	30,995,891.45	(1,928.40)
Prior year under-provision	(1,928.40)	0
Tax effects of expenses not deductible for tax purposes	0	0
Tax effects of income not taxable	0	0
Tax effects of excess capital allowances over depreciation/amortization	0	0
Deferred tax prior year over-provision	0	0
<b>Total</b>	<b>30,993,963.05</b>	<b>(1,928.40)</b>

*[Provide short appropriate explanations as necessary]*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**16. Earnings Per Share**

The earnings per share is calculated by dividing the profit after tax of Kshs.N/A (2019-2020: Kshs.N/A) by the average number of ordinary shares in issue during the year of N/A (2019-2020: N/A). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

**17. Dividend Per Share**

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM to be held before the end of 2021, a final dividend in respect of the year ended June 30, 2021 of Kshs. N/A (2020: Kshs. N/A) for every ordinary share of par value of Kshs.N/A is to be proposed. An interim dividend of Kshs. N/A (2020: Kshs. N/A) for every ordinary share of par value of Kshs.N/A was declared and paid during the year. This will bring the total dividend for the year to Kshs.N/A (2020: Kshs.N/A).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Property, Plant and Equipment

2021	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
<b>COST OR VALUATION</b>								
At July 1, 2020	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
<b>At June 30, 2021</b>								
<b>DEPRECIATION</b>								
At July 1, 2020	0	0	0	0	0	0	0	0
Charge for the year	0	0	0	0	0	0	0	0
Impairment loss	0	0	0	0	0	0	0	0
Eliminated on disposal	0	0	0	0	0	0	0	0
<b>At June 30, 2021</b>								
<b>NET BOOK VALUE At June 30, 2021</b>								

[Include a brief description of what the Capital Work in Progress relates to]

TES TO THE FINANCIAL STATEMENTS (Continued)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
Property, Plant and Equipment (Continued)

2020	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
<b>COST OR VALUATION</b>								
As at 1 July 2019	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
<b>As at 30<sup>th</sup> June 2020</b>								
<b>DEPRECIATION</b>								
At July 1, 2019	0	0	0	0	0	0	0	0
Charge for the year	0	0	0	0	0	0	0	0
Impairment loss	0	0	0	0	0	0	0	0
Eliminated on disposal	0	0	0	0	0	0	0	0
<b>As at 30<sup>th</sup> June 2021</b>								
<b>NET BOOK VALUE</b>								
<b>At June 30, 2020</b>								

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Valuation**

Land and buildings were valued by xxx independent valuer on xxx on xxx basis of valuation. These amounts were adopted on xxx.

**19 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	0	0	0
Buildings	0	0	0
Plant and machinery	0	0	0
Motor vehicles, including motorcycles	0	0	0
Computers and related equipment	0	0	0
Office equipment, furniture, and fittings	0	0	0
	0	0	0

Property plant and Equipment includes the following assets that are fully depreciated:

	<b>Cost or valuation</b>	<b>Normal annual depreciation charge</b>
Plant and machinery	0	0
Motor vehicles, including motor cycles	0	0
Computers and related equipment	0	0
Office equipment, furniture and fittings	0	0
<b>Total</b>	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**19. Intangible Assets**

	2020/2021	2019/2020
	Kshs	Kshs
<b>COST</b>		
At July 1	0	0
Additions	0	0
Disposals	0	0
At June 30		
<b>AMORTISATION</b>		
At July 1	0	0
Charge for the year	0	0
Disposals	0	0
Impairment loss		
At June 30		
<b>NET BOOK VALUE</b>		
At June 30	0	0

*[Provide short appropriate explanations as necessary in relation to what constitutes the intangible assets]*

**20. Investment Property**

	2020/2021	2019/2020
	Kshs	Kshs
<b>Opening valuation</b>	0	0
<b>Movements during the year</b>		
Additions	0	0
Disposals	0	0
Fair value gains/(losses)		
<b>Closing valuation</b>		
<b>DEPRECIATION (IF AT COST)</b>		
At July 1	0	0
Charge for the year	0	0
Disposals		
Impairment loss		
At June 30	0	0
<b>NET BOOK VALUE</b>		
At June 30	0	0

*(Provide details of the property, date last valued, the valuer and method of valuation as per IAS 40. Where investment property is carried at cost, depreciation will be shown, however, no depreciation is provided for when the asset is carried at fair value)*

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**21. Right-of-use assets**

	<b>Buildings</b>	<b>Plant</b>	<b>Equipment</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cost</b>				
As at 1 July 2020	0	0	0	0
Additions	0	0	0	0
As at 30 June 2021	0	0	0	0
Additions	0	0	0	0
As at 30 June 2021	0	0	0	0
<b>Accumulated Depreciation</b>				
As at 1 July 2020	0	0	0	0
Charge for the year	0	0	0	0
As at 30 June 2021	0	0	0	0
Charge for the year	0	0	0	0
As at 30 June 2021	0	0	0	0
<b>Carrying Amount</b>				
As at 30 June 2021	0	0	0	0
As at 30 June 2020	0	0	0	0

**22. Fixed Interest Investments (Bonds)**

	<b>2020/2021</b>	<b>2019/2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Central Bank of Kenya 12.5% 15-Year Infrastructure Bond	0	0
AB Corporate Bond (give details)	0	0
CD Corporate Bond (give details)	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*[The movement in investment during the year is as follows:]*

<b>Details</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance at 1 July	0	0
Additions during the year	0	0
Interest accrued during the year	0	0
Investment maturities during the year	0	0
Balance at 30 June	0	0

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**23. Quoted Investments**

	2020/2021	2019/2020
	Kshs	Kshs
<b>Opening valuation</b>	0	0
<b>Movements during the year</b>		
Additions	0	0
Disposals	0	0
Fair value gains/(losses)	0	0
<b>Closing valuation</b>	0	0

*[Provide short appropriate explanations as necessary, including make-up of the investments in the table below]*

Name of entity where investment is held	No of shares			Nominal value of shares/purchase price	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	No	No	No	Shs	Current year	Prior year
					Shs	Shs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0

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**24. Unquoted Investments**

	2020/2021	2019/2020
	Kshs	Kshs
<b>COST</b>		
<b>At July 1</b>	0	
Additions	48,681,878.30	0
Fair value gains/(losses)	0	0
Disposals	35,281,662.75	0
<b>At June 30</b>	3,009,926.50	
<b>IMPAIRMENT</b>		
<b>At July 1</b>	0	
Disposals	0	0
Impairment loss in the year	0	0
<b>At June 30</b>	3,009,926.50	
<b>NET BOOK VALUE</b>	3,009,926.50	

*[Provide short appropriate explanations as necessary, including make-up under the table below]*

Name of entity where investment is held	No of shares			Nominal value of shares/purchase price	Value of shares less impairment	Value of shares less impairment
	Direct shareholding	Indirect shareholding	Effective shareholding			
	No	No	No	Shs	Current year	Prior year
					Shs	Shs
Entity A					0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
Entity D	0	0	0	0	0	0
	0	0	0	0	0	0

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**25. Inventories**

	2020/2021	2019/2020
	Kshs	Kshs
Engineering stores	0	0
Fuel, oil and lubricants	0	0
Motor vehicle spare parts	0	0
Goods in transit	0	0
Stationery and general stores	0	0
Finished goods	0	0
Work in progress	0	0
Less: Impairment of stocks	0	0
<b>Total</b>		

*[Provide short appropriate explanations as necessary]*

**26 a) Reconciliation of Impairment Allowance for Inventories**

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	0	0

**26.) Trade and Other Receivables**

	2020/2021	2019/2020
	Kshs	Kshs
Trade receivables (note 27 (a))	0	0
Deposits and prepayments	13,400,210.55	0
VAT recoverable	0	0
Staff receivables (note 27 (b))	0	0
Other receivables	3,009,926.54	0
<b>Gross trade and other receivables</b>	<b>0</b>	<b>0</b>
Provision for bad and doubtful receivable	0	0
<b>Net trade and other receivables</b>	<b>117,260,313.30</b>	<b>0</b>

*[Provide short appropriate explanations as necessary]*

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**27 (a) Trade Receivables**

	2020/2021	2019/2020
	Kshs	Kshs
Gross trade receivables	0	0
Provision for doubtful receivables	0	0
Net trade receivables	0	0
<b>At June 30, the ageing analysis of the gross trade receivables was as follows:</b>		
Less than 30 days	0	0
Between 30 and 60 days	0	0
Between 61 and 90 days	0	0
Between 91 and 120 days	0	0
Over 120 days	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*[Provide short appropriate explanations as necessary]*

**27 (b) Reconciliation of Impairment Allowance for Trade Receivables**

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year		

**27 (c) Staff Receivables**

	2020/2021	2019/2020
	Kshs	Kshs
Gross staff loans and advances	0	0
Provision for impairment loss	0	0
Net staff loans	0	0
	0	0
Less: Amounts due within one year		
Amounts due after one year	0	0

*[Provide short appropriate explanations as necessary]*

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**27 (d) Reconciliation of Impairment Allowance for Staff Receivables**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	0	0

**27. Tax Recoverable**

	<b>2020/2021</b>	<b>2019/2020</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>At beginning of the year</b>	<b>(1,928.40)</b>	<b>0</b>
Income tax charge for the year (note 16)	30,995,891.40	(1,928.40)
Under/(over) provision in prior year/s (note 16)	0	0
Income tax paid during the year	0	0
At end of the year	<b>30,993,963.00</b>	<b>(1,928,40)</b>

*[Provide short appropriate explanations as necessary]*

**28. Short Term Deposits**

	<b>2020/2021</b>	<b>2019/2020</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Other commercial banks</b>		
Cooperative Bank of Kenya	2,650,000,000.00	0
Kenya Commercial Bank		
Barclays Bank of Kenya		
	2,650,000,000.00	0

*[Provide short appropriate explanations as necessary]*

*Example: The average effective interest rate on the short term deposits as at June 30, 2021 was 8.35% (2020: 8.35 %).*

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**29. Bank and Cash Balances**

	2020/2021	2019/2020
	Kshs	Kshs
Cash at bank	100,147,417.80	2,764,088,093.00
Cash in hand	0	0
	<b>100,147,417.80</b>	<b>2,764,088,093.00</b>

*[Provide short appropriate explanations as necessary] Example: The bulk of the cash at bank was held at Cooperative Bank of Kenya.*

**Detailed analysis of the cash and cash equivalents**

		2020/2021	2019/2020
Financial institution	Account number	KShs	KShs
<b>a) Financial institution</b>	<b>Account number</b>	<b>KShs</b>	<b>KShs</b>
<b>Current account</b>			
Cooperative Bank of Kenya	“01120959180000	100,147,417.75	2,764,
Cooperative Bank of Kenya	“01243959180000	0	0
<b>b) Sub- total</b>	<b>0</b>	<b>100,147,417.75</b>	<b>0</b>
<b>On - call deposits</b>	0	0	
Cooperative Bank of Kenya	01150959180000	500,000,000.00	0
Cooperative Bank of Kenya	01150959180001	1,500,000,000.00	0
c) Cooperative Bank of Kenya	01150959180002	650,000,000.00	0
<b>Sub- total</b>	<b>0</b>	<b>2,650,000,000.00</b>	<b>0</b>
<b>Fixed deposits account</b>	0		
Other Commercial banks		0	0
<b>d)</b>		0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>Staff car loan/ mortgage</b>		0	0
Other Commercial banks		0	0
<b>e)</b>		0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>Others(specify)</b>		0	0
Cash in transit		0	0
cash in hand		0	0
Mobile money account		0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>Grand total</b>	<b>0</b>	<b>2,750,147,417.75</b>	<b>0</b>

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**30. Ordinary Share Capital**

	2020/2021	2019/2020
	Kshs	Kshs
<b>Authorized:</b>		
Coffee Cherry Advance Revolving Fund (CCARF)	2,764,094,521.00	2,764,094,521.00
<b>Issued and fully paid:</b>		
ordinary shares of KShs par value each		

*[Provide short appropriate explanations as necessary]*

**31. Revaluation Reserve**

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

**32. Fair Value Adjustment Reserve**

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

**33. Retained Earnings**

The retained earnings represent amounts available for distribution to the *entity's* shareholders. Undistributed retained earnings are utilised to finance the *entity's* business activities.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**34. Borrowings**

Description	2020-2021	2019-2020
	KShs	KShs
<b>a) External Borrowings</b>	0	0
Balance at beginning of the year	0	0
External borrowings during the year	0	0
Repayments of during the year	0	0
<b>Balance at end of the year</b>	<b>0</b>	<b>0</b>
	<b>0</b>	<b>0</b>
<b>b) Domestic Borrowings</b>	<b>0</b>	<b>0</b>
Balance at beginning of the year	0	0
Domestic borrowings during the year	30,993,963.30	0
Repayments during the year	0	0
<b>Balance at end of the year</b>	<b>30,993,963.30</b>	<b>0</b>
	<b>0</b>	<b>0</b>
<b>Balance at end of the period- Domestic and External borrowings c = a+b</b>	<b>0</b>	<b>0</b>

The analyses of both external and domestic borrowings are as follows:

	2020-2021	2019-2020
	KShs	KShs
<b>External Borrowings</b>	0	0
Dollar denominated loan from 'xxx organisation'	0	0
Sterling Pound denominated loan from 'yyy organisation'	0	0
Euro denominated loan from zzz organisation'	0	0
<b>Domestic Borrowings</b>	0	0
Kenya Shilling loan from KCB	0	0
Kenya Shilling loan from Barclays Bank	0	0
Kenya Shilling loan from Consolidated Bank	0	0
Total balance at end of the year	<b>0</b>	<b>0</b>

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Description	2020-2021	2019-2020
	KShs	KShs
Short term borrowings (current portion)	0	0
Long term borrowings	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*(NB: the total of this statement should tie to note 43 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).*

*[Foreign denominated loans should be restated based on CBK closing mean rates at the end of financial year]*

**35. Deferred Tax Liability**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2020/2021	2019/2020
	Kshs	Kshs
Accelerated capital allowances	0	0
Unrealised exchange gains/(losses)	0	0
Revaluation surplus	0	0
Tax losses carried forward	0	0
Provisions for liabilities and charges	0	0
<b>Net deferred tax liability</b>	<b>0</b>	<b>0</b>

The movement on the deferred tax account is as follows:

	2020/2021	2019/2020
	Kshs	Kshs
<b>Balance at beginning of the year</b>	<b>0</b>	<b>0</b>
Credit to revaluation reserve	0	0
Under provision in prior year	0	0
Income statement charge/(credit)	0	0
<b>Balance at end of the year</b>	<b>0</b>	<b>0</b>

*[Provide short appropriate explanations as necessary]*

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**36. Lease Liability**

Description	2020-2021	2019-2020
	KShs	KShs
<b>At the start of the year</b>	<b>0</b>	<b>0</b>
Discount interest on lease liability	0	0
Paid during the year	0	0
<b>At end of the year</b>	<b>0</b>	<b>0</b>

	2020-2021	2019-2020
Maturity analysis	Kshs	Kshs
Year 1	0	0
Year 2	0	0
Year 3	0	0
Year 4	0	0
Year 5	0	0
On wards	0	0
	<u>0</u>	
Less: unearned interest	<u>0</u>	<u>0</u>
	<u>0</u>	
Analysed as:	0	0
Non-Current	0	0
Current	0	0

**37. Trade and Other Payables**

	2020-2021	2019-2020
	Kshs	Kshs
Trade payables	0	0
Accrued expenses	0	0
Retention/ contract monies	0	0
Deposits	0	0
Employee payables	0	0
Other payables	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*[Provide short appropriate explanations as necessary]*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**38. Retirement Benefit Obligations**

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2020-2021	2019-2020
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	0	0	0	0	0
Non-current benefit obligation	0	0	0	0	0
<b>Total employee benefits obligation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Retirement benefit Asset/ Liability**

The entity operates a defined benefit scheme for all full-time employees from July 1, 20XX. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at xxx June xxx by xxx actuarial valuers. On this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

	2020-2021	2019-2020
	Kshs	Kshs
Discount rates	0	0
Future salary increases	0	0
Future pension increases	0	0
Mortality (Pre- retirement)	0	0
Mortality (Post- retirement)	0	0
Withdrawals	0	0
Ill health	0	0
Retirement	0	0

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**Recognition of Retirement Benefit Asset/ Liability**

**a) Amounts recognised under other gains/ Losses in the statement of Comprehensive Income**

	2020-2021	2019-2020
Description	Kshs	Kshs
The return on defined plan assets	0	0
Actuarial gains/ losses arising from changes in demographic assumptions	0	0
Actuarial gains/ losses arising from changes in financial assumptions	0	0
Actuarial gains and losses arising from experience adjustments	0	0
Others (Specify)	0	0
Adjustments for restrictions on the defined benefit asset	0	0
<b>Remeasurement of the net defined benefit liability (asset)</b>	<b>0</b>	<b>0</b>

**b) Amounts recognised in the Statement of Financial Position**

	2020-2021	2019-2020
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	0	0
Fair value of plan assets(b)	0	0
Funded Status(=a-b)	<b>0</b>	<b>0</b>
Restrictions on asset recognized	0	0
Others	0	0
Net Asset or liability arising from defined benefit obligation	<b>0</b>	<b>0</b>

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. XXX per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by XXX Pension Fund. Employees contribute xx% while employers contribute xx% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**39. Provisions**

Description	Long service leave	Bonus Provision	Gratuity provisions	Other Provisions	Total
	KShs		KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0	0
Additional Provisions	0	0	0	0	0
Provision utilised	0	0	0	0	0
Change due to discount and time value for money	0	0	0	0	0
Less: Current portion	0	0	0	0	0
Balance at the end of the year	0	0	0	0	0

*(NB: The current portion deducted in this note should tie to line on current portion transferred from non-current provisions under note xx)*

**40. Dividends Payable**

The balance of dividends payable relates to unclaimed dividends, payable to different shareholders. The balances are analysed in annual amount below.

	2020-2021	2019-2020
	Kshs	Kshs
	<b>0</b>	<b>0</b>
At the beginning of the year	0	0
Additional declared during the year	0	0
Paid during the year	0	0
Balance at end of the year	0	0

*Dividends payable to ordinary shareholders amounts to Ksh.xxx, while dividends payable to preference shareholders amounts to Ksh n/a.*

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**41. Notes to The Statement of Cash Flows**

	2020-2021	2019-2020
	Kshs	Kshs
<b>(a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations</b>		
Profit or loss before tax	103,319,638.10	(6,428.00)
Depreciation	0	0
Amortisation	0	0
(Gain)/loss on disposal of property, plant and equipment	0	0
Operating profit/(loss) before working capital changes	103,319,638.10	(6,428.00)
(Increase)/decrease in inventories	0	0
(Increase)/decrease in trade and other receivables	103,860,102.75	0
Increase/(decrease) in trade and other payables	30,993,963.30	0
Increase/(decrease) in retirement benefit obligations	0	0
Increase/(decrease) in provision for staff leave pay	0	0
Cash generated from/(used in) operations	72,323,746.70	(6,428.00)
<b>(b) Analysis of changes in loans</b>	<b>0</b>	<b>0</b>
<b>Balance at beginning of the year</b>	<b>0</b>	<b>0</b>
Receipts during the year	0	0
Repayments during the year	0	0
Repayments of previous year's accrued interest	0	0
Foreign exchange (gains)/losses	0	0
Accrued interest	0	0
<b>Balance at end of the year</b>	<b>0</b>	<b>0</b>
<b>(c) Analysis of cash and cash equivalents</b>	<b>0</b>	<b>0</b>
Short term deposits	0	0

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	2020-2021	2019-2020
	Kshs	Kshs
Cash at bank	2,750,147,417.80	2,764,088,093.00
Cash in hand	2,750,147,417.80	2,764,088,093.00
Balance at end of the year	103,319,638.10	(6,428.00)

	2020-2021	2019-2020
	Kshs	Kshs
<b>(d) Analysis of interest paid</b>		
Interest on loans	0	0
Interest on bank overdraft	0	0
Interest on lease liabilities	0	0
Interest on loans capitalised	0	0
Balance at beginning of the year	0	0
Balance at end of the year (note 35(b))	0	0
Interest paid	0	0
<b>(e) Analysis of dividend paid</b>	<b>0</b>	<b>0</b>
Balance at beginning of the year	0	0
2019 dividends paid	0	0
2020 dividends paid	0	0
2021 interim dividends paid	0	0
Balance at end of the year	0	0
Dividend paid	0	0

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**42. Related Party Disclosures**

**Government of Kenya**

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry
- ii) County Government of xxx
- iii) Xxx;
- iv) Xxx;
- v) Key management
- vi) Board of directors

**Transactions with related parties**

	2020-2021	2019-2020
	Kshs	Kshs
<b>a) Sales to related parties</b>		
Sales of electricity to Govt agencies	0	0
Rent Income from govt. agencies	0	0
Water sales to Govt. agencies	0	0
Interest income from Govt Commercial Banks	0	0
Interest income from Tbills and Bonds	0	0
Others (Specify)	0	0
<b>Total</b>		
<b>b) Purchases from related parties</b>		
Purchases of electricity from KPLC	0	0
Purchase of water from govt service providers	0	0
Rent expenses paid to govt agencies	0	0
Training and conference fees paid to govt. agencies	0	0
Bank charges paid to Govt Commercial banks	0	0
Interest expense to investments by other govt. entities	0	0
Others (specify)	0	0

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	2020-2021	2019-2020
	Kshs	Kshs
<b>Total</b>	<b>0</b>	<b>0</b>
<b>b) Grants from the Government</b>		
Grants from National Govt	0	0
Grants from County Government	0	0
Donations in kind	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>d) Key management compensation</b>		
Directors' emoluments		
Compensation to key management	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**43. Capital Commitments**

Capital commitments at the year- end for which no provision has been made in these financial statements are:

	2020-2021	2019-2020
	Kshs	Kshs
Amounts authorised and contracted for	0	0
Amounts authorizes but not contracted for	0	0
Less: Amounts included in Work in progress	0	0

*[Provide short appropriate explanations as necessary]*

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**44. Contingent Assets and Liabilities**

**Contingent Assets**

	2020-2021	2019-2020
	Kshs	Kshs
<b>Contingent assets</b>		
Insurance reimbursements	0	0
Assets arising from determination of court cases	0	0
Reimbursable indemnities and guarantees	0	0
Receivables from other government entities	0	0
Others (Specify)	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*(Give details)*

**Contingent Liabilities**

	2020-2021	2019-2020
	Kshs	Kshs
<b>Contingent liabilities</b>	0	0
Court case xxx against the entity	0	0
Bank guarantees in favour of subsidiary	0	0
Contingent liabilities arising from contracts including PPPs	0	0
Others (Specify)	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*In the opinion of the directors, no provision is required in these financial statements as the liabilities are not expected to crystallize.*

**45. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The company's financial risk management objectives and policies are detailed below:

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**(i) Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2021</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>				
<b>At 30 June 2020</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	0	0	0	0

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

***Credit Risk (Continued)***

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>				
<b>At 30 June 2020</b>				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**(iii) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**(iii) Market risk (Continued)**

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>			
<b>Financial assets</b>			
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
<b>Financial Liabilities</b>			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	<b>0</b>	<b>0</b>	<b>0</b>

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2020</b>			
<b>Financial assets</b>			
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
<b>Financial Liabilities</b>			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	<b>0</b>	<b>0</b>	<b>0</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**b) Foreign currency sensitivity analysis**

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	<b>Change in currency rate</b>	<b>Effect on Profit before tax</b>	<b>Effect on equity</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>2021</b>			
Euro	10%	0	0
USD	10%	0	0
<b>2020</b>			
Euro	10%	0	0
USD	10%	0	0

**c) Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

**i) Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**ii) Sensitivity analysis**

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2020: KShs xxx ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2020 – KShs xxx)

**iii) Fair value of financial assets and liabilities**

**a) *Financial instruments measured at fair value***

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions.

These two types of inputs have created the following fair value hierarchy:

- i)** Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- ii)** Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- iii)** Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *entity* considers relevant and observable market prices in its valuations where possible.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

<b>At 30 June 2021</b>	<b>Level 1 Kshs</b>	<b>Level 2 Kshs</b>	<b>Level 3 Kshs</b>	<b>Total Kshs</b>
<b>Financial Assets</b>				
Quoted equity investments	0	0	0	0
<b>Non- financial Assets</b>			0	
Investment property	0	0	0	0
Land and buildings	0	0	0	0
<b>At 30 June 2020</b>				
<b>Financial Assets</b>				
Quoted equity investments	0	0	0	0
<b>Non- financial Assets</b>				
Investment property	0	0	0	0
Land and buildings	0	0	0	0

There were no transfers between levels 1, 2 and 3 during the year.

***Financial instruments not measured at fair value***

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**iv) Capital Risk Management**

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	72,323,746.67	0
Capital reserve	2,764,094,521.00	2,764,094,521.00
<b>Total funds</b>	<b>2,764,094,521.00</b>	<b>2,764,094,521.00</b>
Total borrowings	0	0
Less: cash and bank balances	(2,750,147,417.75)	(2,764,088,093)
Net debt/(excess cash and cash equivalents)	13,947,103.25	6,428.00
<b>Gearing</b>	<b>10%</b>	<b>%</b>

**46. Incorporation**

The entity is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

**47. Events After The Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

**48. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

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**APPENDICES**

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>

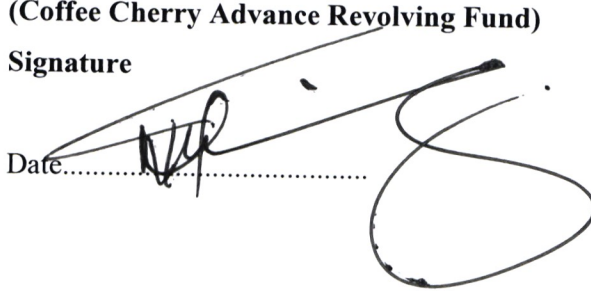
**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

**Timothy M Mirugi**  
**Managing Director**  
**(Coffee Cherry Advance Revolving Fund)**

**Signature**

Date.....



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**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)*

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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**APPENDIX III: INTER-ENTITY TRANSFERS**

<b>ENTITY NAME:</b>		<b>Break down of Transfers from the State Department of XXX</b>	
<b>FY 2020/21</b>		<b>Bank Statement Date</b>	<b>Amount (KShs)</b>
<b>a. Recurrent Grants</b>			0
			0
	<b>Total</b>		<b>0</b>
<b>b. Development Grants</b>			
			0
			0
	<b>Total</b>		<b>0</b>
<b>c. Direct Payments</b>			
			0
			0
	<b>Total</b>		<b>0</b>

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<b>ENTITY NAME:</b>			
<b>Break down of Transfers from the State Department of XXX</b>			
	<b>FY 2020/21</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>
<b>d.</b>	<b>Donor Receipts</b>		<b>Indicate the FY to which the amounts relate</b>
			0
			0
			0
	<b>Total</b>		<b>0</b>

The above amounts have been communicated to and reconciled with the parent Ministry.

**CPA Zaccheus Ndirangu**

**Finance Manager**

**Coffee Cherry Advance Revolving Fund**



**Sign**

**CPA Peter Mokobo**

**Head of Accounting Unit**

**State Department for Cooperatives**

**Sign-----**

**Coffee Cherry Advance Revolving Fund**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2021**

**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Planning and Devolution	0	Recurrent	0	0	0	0	0	0	0
Ministry of Planning and Devolution	0	Development	0	0	0	0	0	0	0
USAID	0	Donor Fund	0	0	0	0	0	0	0
Ministry of Planning and Devolution	0	Direct Payment	0	0	0	0	0	0	0
<b>Total</b>			0	0	0	0	0	0	0

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FIN. YEAR 2020/2021		COFFEE CHERRY ADVANCE REVOLVING FUND - TRIAL BALANCE SUMMARY	
NO.	DESCRIPTIONS	Debit KSHS	Credit KSHS
1	Balance Brought Forward		
10	Accrued Interest Income (Call Account)		2,764,088,093.00
7	CCARF Recoverries		103,860,102.74
8	CCARF Advances	48,713,943.60	35,313,733.05
4	Bank Charges	540,464.65	-
6	Balance Carried Down	100,147,417.75	-
9	Call Account Fund.	2,753,860,102.74	
	<b>TOTALS</b>	<b>2,903,261,928.74</b>	<b>2,903,261,928.79</b>

